
WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 10.16.2009

MESSAGING RESOURCES/POLLING UPDATE

Democrats "Trick and Trap" Small Banks With An Illusionary Exemption. During consideration of legislation to create a new Financial Product Approval Agency, Democrats rejected an amendment offered by Congressman Jeb Hensarling that would have exempted small banks and credit unions from the agency's jurisdiction. The Hensarling amendment would have made clear that the Financial Product Approval Agency would have no authority to oversee or enforce its rules on small community based institutions. Despite recognizing the enormous compliance burden such an agency would place on community banks and credit unions, Democrats on the Committee adopted an alternative amendment offered by Congressman Brad Miller that offers illusory exemptions for small institutions. Under the Democratic proposal, the CFPA would still write the rules, exposing small community institutions to inevitably conflicting mandates and more onerous regulations. The illusion of the exemption was confirmed by Rep. Miller when he said, "CFPA can still take over enforcement if any bank, no matter what size, violates consumer protection laws."

Democrats Vote To Expand Government, Increase Taxes, And Prolong The Economic Downturn. During consideration of legislation to create a new Financial Product Approval Agency, Democrats voted against an amendment offered by Congresswoman Judy Biggert that offers real consumer protection without creating a new government bureaucracy with unlimited authority to tax consumers and businesses. The Biggert amendment authorizes an existing Federal Financial Institutions Examination Council to adopt uniform consumer protection rules and examination practices, which would be adopted jointly with and enforced by the existing Federal and State regulatory authorities. The Democratic proposal that the Biggert amendment sought to supplant creates a new agency that would hurt consumers far more than it would help them. This agency will give unprecedented authority to unelected bureaucrats to ration credit and impose taxes on consumers and small businesses. The creation of a credit czar will only prolong the economic downturn and undermine job creation. This is not the time to limit the ability of our small businesses to obtain the credit they need to grow and create jobs.

Democrats Continue To Undermine National Markets And Require Financial Institutions To Navigate A Patchwork Of Conflicting State Laws. The Democrats plan to offer another illusory amendment when the mark up resumes next week. The amendment by Congressman Mel Watt purports to restore elements of the preemption doctrine eviscerated by Chairman Frank's bill, but falls far short in providing the uniform standards needed for the smooth functioning of our national credit markets. Having uniform national laws has allowed our markets to flourish, resulting in increased access to credit for consumers. Instead of pursuing smarter regulation for our 21st century economy, the Democrats are turning the clock back to a time when national markets did not exist, thereby placing our economy at a competitive disadvantage. Allowing state law to supersede federal law will increase costs for consumers, reduce consumer choice, and place U.S. companies at a competitive disadvantage.

Polling Update

Rasmussen: "Most Want Government To Sell Amtrak, GM and Chrysler...New Rasmussen Reports national telephone polling shows that voters are evenly divided when asked if the U.S. government should sell some of the things it owns to help reduce the federal debt. Thirty-seven percent (37%) say yes, but 36% say no. Twenty-seven percent (27%) are not sure."

ON THE HORIZON

Tuesday, October 20 (and subsequent days if necessary): The Full Committee will meet at 2 p.m. in room 2128 Rayburn

to continue consideration of H.R. 3126, the financial services product approval agency and H.R. 3639, the Expedited CARD Reform for Consumers Act. Upon conclusion of these bills, the Committee will markup legislation to reform credit rating agencies; H.R. 2609, the Insurance Information Act; H.R. 3817, to provide the Securities and Exchange Commission with additional authorities to protect investors from violations of the securities laws, and for other purposes; and H.R. 3818, to amend the Investment Advisers Act of 1940 to require advisers of certain unregistered investment companies to register with and provide information to the Securities and Exchange Commission.

WEEKEND MUST-READS

Wall Street Journal: "Czar Blocks BofA Chief's Pay ... The Treasury Department's pay czar pushed outgoing Bank of America Corp. Chief Executive Kenneth D. Lewis into giving back about \$1 million he received so far this year and forgoing the rest of his \$1.5 million salary for 2009, say people familiar with the matter."

Wall Street Journal: "The Banking System Is Still Broken ... Treasury Secretary Tim Geithner and Federal Reserve Chairman Ben Bernanke have announced that the recession is over."

LA Times: "House committee approves new rules on derivatives trading ... The dark and largely unregulated market of derivatives, which helped trigger the financial crisis, moved closer to federal oversight as a congressional committee voted to impose new rules on the products to try to limit the risk they can pose to the economy."

Bloomberg: "Fed Officials Question Expansion's Durability, Discuss More Aid ... Federal Reserve policy makers doubted the durability of the recovery and for the first time signaled they were open to boosting purchases of mortgage bonds to further prop up the housing market."

Wall Street Journal: "Plan Coming on Commercial Loans ... Federal bank regulators are close to issuing guidelines that would encourage lenders to rework troubled commercial real-estate loans, a sector of the economy they expect to topple scores of additional financial institutions."

Wall Street Journal: "Fed Is Near New Fee Rules on Overdrafts ... The Federal Reserve is likely to soon pass new rules making it harder for banks to hit customers with fees for overdrawing their accounts, a top official told a Senate subcommittee Wednesday."

Wall Street Journal: "The Message of Dollar Disdain ... Unprecedented spending, unending fiscal deficits,

unconscionable accumulations of government debt: These are the trends that are shaping America's financial future. And since loose monetary policy and a weak U.S. dollar are part of the mix, apparently, it's no wonder people around the world are searching for an alternative form of money in which to calculate and preserve their own wealth."

Wall Street Journal: "Democrats Weigh Tax On Financial Transactions ... Taxing financial transactions on Wall Street is gathering support in high places."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Judy Biggert issued this press release: Biggert to Cut ACORN's 'HUD-Approved' Status: Introduces Bill to Keep Scandal-Plagued Group Out of Public Housing Counseling Cooffers

Rep. Michele Bachmann issued this press release: Bachmann: Government is Fostering Borderline Extortion by ACORN

Rep. Bill Posey issued this press release: Committee Approves Posey's Disclaimer Amendment

Rep. Spencer Bachus issued these press releases: Bachus Statement on Committee Passage of Derivatives Legislation; Bachus Statement on During Consideration of Republican Substitute To Financial Product Approval Agency; Bachus Statement On Miller's 'Tricks and Traps' Amendment; Democrats Vote To Expand Government, Increase Taxes, And Prolong The Economic Downturn; Democrats Vote To "Trick And Trap" Small Banks With An Illusionary Exemption; Bachus Statement During Full Committee Mark Up

CARTOON OF THE WEEK

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